

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 DODE-00 DOTE-00 EB-07

FMC-01 INR-07 NSAE-00 CG-00 COA-01 DLOS-03 AID-05

CEA-01 EA-06 FRB-03 IO-10 NEA-09 OPIC-03 SP-02

TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01 L-02 XMB-02

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R 131830Z FEB 75

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TO SECSTATE WASH DC 5438

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E.O. 11652: N/A

TAGS: EIND, EWWT, OECD

SUBJECT: REPORT TO COUNCIL BY WP6 ON SHIPBUILDING

REF: STATE 025712

1. SUMMARY. DURING FEB 11 COUNCIL MEETING, WP6 CHAIRMAN, SWISS AMBASSADOR GRUBEL, REPORTED ON STATUS OF UNDERSTANDING ON EXPORT CREDITS FOR SHIPS, AND SUGGESTED THAT US PARTICIPATE IN INFORMAL DISCUSSIONS WITH WP MEMBERS TO CLARIFY US POSITION. USDEL SAID INFORMAL TALKS ALREADY TOOK PLACE BETWEEN AMBASSADORS TURNER AND GRUBEL AND THAT US WAS NOT CONSIDERING ADHERENCE TO UNDERSTANDING. END SUMMARY.

2. DURING FEB 11 COUNCIL MEETING, WP6 CHAIRMAN, SWISS AMBASSADOR GRUBEL, REPORTED ON WP EFFORTS TO EFFECT UNDERSTANDING ON EXPORT CREDIT FOR SHIPS, AND ARRANGEMENT FOR PROGRESSIVE REMOVAL OF OBSTACLES TO TRADE. HE OBSERVED THAT EXPORT UNDERSTANDING COULD FUNCTION MORE EFFECTIVELY IF MAJOR COUNTRIES, "PARTICULARLY THE US", ADHERED. GRUBEL CONCLUDED THAT, ACCORDING TO HIS LIMITED OFFICIAL USE

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DISCUSSIONS WITH US AUTHORITIES, "US POSITION HAS NOT

CHANGED".

3. SWEDEN, GERMANY, JAPAN, FRANCE AND UK CONCURRED WITH GRUBEL. UK DEL NOTED THAT US ADHERENCE IS MORE IMPORTANT NOW CONSIDERING INCREASING COMPETITIVENESS OF US SHIPYARDS AND CONSIDERABLE US SUBSIDY PROGRAM REPRESENTED BY US MERCHANT MARINE ACT. UK DEL ADDED US SHOULD ALSO RECONSIDER ADHERENCE TO UNDERSTANDING IN VIEW US PARTICIPATION IN CURRENT TALKS RE "GENTLEMEN'S AGREEMENT ON EXPORT CREDITS" BETWEEN US, EC, AND JAPAN.

4. USDEL KATZ STATED CONCERNS EXPRESSED BY OTHER DELEGATIONS HAD BEEN REPORTED TO WASHINGTON; LISTED US POLICY CONSIDERATIONS CONTAINED IN STATE 19019 AND 19288; AND CONCLUDED THAT USG IS NOT CONSIDERING

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ADHERING TO UNDERSTANDING.

5. SEC GEN AGREED WITH GRUBEL, HOWEVER, THAT INFORMAL

MEETINGS WITH EXPERTS FROM 'CONCERNED DELEGATIONS' COULD BE USEFUL SINCE SUCH MEETINGS WOULD PROVIDE DELEGATIONS "OPPORTUNITY TO HAVE EXPERT CLARIFY ANY MISUNDERSTANDING RE US POLICY".

6. USDEL STATED INFORMAL TALKS HAVE ALREADY TAKEN PLACE BETWEEN AMBASSADORS TURNER AND GRUBEL AND QUESTIONED UTILITY OF CONTINUED INFORMAL TALKS. USDEL AGREED, HOWEVER, TO CONCLUSION THAT IF IT WERE FOUND USEFUL BY " DELEGATIONS CONCERNED," INFORMAL DISCUSSIONS COULD RESUME IF AND WHEN THE CURRENT SITUATION CHANGES; I.E. THE COMPETITIVE STATUS OF US SHIPYARDS.

7. COMMENT. RATIONALE CONTAINED IN REFTTEL FOR US NON-ADHESION TO EXPORT CREDIT UNDERSTANDING WAS ABUNDANTLY CLEAR. HOWEVER, MISSION SUGGESTS US COULD BE MORE FLEXIBLE AND AGREE, AS WE HAVE DONE IN THE PAST, TO LIMITED OFFICIAL USE

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PROVIDE EXPERT TO CONSULT WITH WP6 AND/OR INTERESTED MEMBERS ON US PROGRAM. THIS APPROACH WOULD BE MORE IN CONFORMITY WITH OECD TRADITION OF CONSULTATIONS AND WOULD ALLEVIATE NEGATIVE REACTION CAUSED BY ADAMANT REFUSAL TO TALK. FURTHERMORE, A MEETING WITH US EXPERT COULD SERVE TO CLARIFY ANY MISUNDERSTANDINGS AMBASSADOR GRUBEL FEELS OTHER DELEGATIONS MAY HAVE RE US POLICY. TURNER

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